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31 DEC '62

The Honorable Robert S. McNamara
The Secretary of Defense
Washington 25, D. C.

Dear Mr. Secretary:

Over the past several months this Agency has undertaken specific actions toward improving the national communications system under direction of the Sub-Committee on Communications established by NSAM 201 of the Executive Committee of the National Security Council. In large part our actions represent new unplanned programs. They have also involved the expansion of existing communication programs as well as other costs incidental to the acceleration of these programs as required by issued directives.

On undertaking these actions it was understood that CIA would be reimbursed by the Department of Defense for those costs incidental to the implementation of the Sub-Committee directives and which could not be accomplished within the financial resources currently available in the Agency's appropriation. This understanding was confirmed by Mr. J. S. Hoover, Deputy Assistant Secretary of Defense in his November 10, 1962 letter to the Agency.

Pursuant to a request by Lt. General Starbird that CIA record with the Department of Defense the amount of reimbursement required in FY 1963, the Agency has reviewed the costs connected with the programs which we cannot meet within our existing resources. After absorbing or reprogramming to the maximum extent possible, we estimate that \$3.5 million will be required from the Department of Defense in FY 1963 for the implementation of the firm Sub-Committee directives. It should also be noted that depending upon decisions made on specific studies now under consideration by the Sub-Committee an additional million may be required. Mr. Hoover has been made aware of these estimates.

CONFIDENTIAL - SECURITY INFORMATION

Deference

As regards FY 1964 costs the CIA has included in its FY 1964 budget a request for funds necessary to continue these programs at the level indicated by the Sub-Committee directives to date.

Faithfully yours,

(Signed) Marshall S. Carter

Marshall S. Carter
Lieutenant General, USA
Acting Director

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